

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1992

Introduced by Assembly Member Quirk

February 20, 2014

An act to ~~amend Section 25741 of the Public Resources~~ *add Section 38568 to the Health and Safety Code*, relating to ~~energy~~ *greenhouse gases*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1992, as amended, Quirk. ~~Energy: renewable energy resources.~~ *California Global Warming Solutions Act of 2006: very low carbon liquid transportation fuels.*

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act requires the state board to adopt a statewide greenhouse gas emissions limit to be achieved by 2020 equivalent to the statewide greenhouse gas emissions levels of 1990. The state board additionally is required to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions. Pursuant to the act, the state board has adopted the Low-Carbon Fuel Standard regulations.

This bill would authorize the state board to establish a very low carbon fuel market commitment program that requires wholesalers, producers, importers, or any other entity that provides liquid transportation fuel to a retailer or sells liquid transportation fuel to a consumer to sell very low carbon liquid transportation fuel, as defined, up to a specified percentage not to exceed 2% of their fuel sales in the

state. The bill would authorize the state board to declare this authorization inoperative 5 years after achieving the 2% objective and would require the state board to notify the Secretary of State of that determination.

Existing law establishes the renewable energy resources program to increase the amount of electricity generated from eligible renewable energy resources. Existing law defines various terms for the purposes of the program.

~~This bill would make a nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Low-carbon liquid transportation fuels are an important
4 element of the state's greenhouse gas reduction policy and
5 increasing the supply of those fuels will help the state achieve its
6 greenhouse gas reduction goals.

7 (b) Existing incentives for the development of low-carbon liquid
8 transportation fuels, including the Low-Carbon Fuel Standard
9 regulation (Subarticle 7 (commencing with Section 95480) of
10 Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17
11 of the California Code of Regulations), the California Global
12 Warming Solutions Act of 2006 (Division 25.5 (commencing with
13 Section 38500) of the Health and Safety Code), and AB 118
14 (Chapter 750 of the Statutes of 2007), have not resulted in sufficient
15 development of low-carbon liquid transportation fuels.

16 SEC. 2. Section 38568 is added to the Health and Safety Code,
17 to read:

18 38568. (a) For purposes of this section, the following terms
19 have the following meanings:

20 (1) "Indirect land use change emission" means the carbon
21 emissions associated with changes in agricultural activity that
22 result from the market-mediated effects of using an agricultural
23 commodity that is a food product as feedstock for the production
24 of the liquid transportation fuel.

25 (2) "Very low carbon liquid transportation fuel" means a liquid
26 transportation fuel having no greater than 50 percent the carbon

1 intensity of the closest comparable petroleum fuel for that year;
2 as measured by the methodology in the Low-Carbon Fuel Standard
3 regulation (Subarticle 7 (commencing with Section 95480) of
4 Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17
5 of the California Code of Regulations). The carbon intensity for
6 the liquid transportation fuel shall include the indirect land use
7 change emission if an agricultural commodity that is a food product
8 is used as a feedstock for the production of the liquid transportation
9 fuel.

10 (b) The state board may establish a very low carbon fuel market
11 commitment program that requires a wholesaler, producer,
12 importer, or any other entity that provides liquid transportation
13 fuel to a retailer or sells liquid transportation fuel to a consumer
14 to include no less than one-quarter of one percent, as measured
15 in energy equivalent units, with a cap of no more than two percent
16 of very low carbon liquid transportation fuel as part of its fuel
17 sales in the state.

18 (c) When very low carbon liquid transportation fuel sales reach
19 two percent of all liquid transportation sales in the state, as
20 specified in subdivision (b), the state board shall notify the
21 Secretary of State that this section shall be inoperative five years
22 from that notification.

23 ~~SECTION 1. Section 25741 of the Public Resources Code is~~
24 ~~amended to read:~~

25 ~~25741. As used in this chapter, the following terms have the~~
26 ~~following meaning:~~

27 (a) ~~“Renewable electrical generation facility” means a facility~~
28 ~~that meets all of the following criteria:~~

29 (1) ~~The facility uses biomass, solar thermal, photovoltaic, wind,~~
30 ~~geothermal, fuel cells using renewable fuels, small hydroelectric~~
31 ~~generation of 30 megawatts or less, digester gas, municipal solid~~
32 ~~waste conversion, landfill gas, ocean wave, ocean thermal, or tidal~~
33 ~~current, and any additions or enhancements to the facility using~~
34 ~~that technology.~~

35 (2) ~~The facility satisfies one of the following requirements:~~

36 (A) ~~The facility is located in the state or near the border of the~~
37 ~~state with the first point of connection to the transmission network~~
38 ~~of a balancing authority area primarily located within the state.~~
39 ~~For purposes of this subparagraph, “balancing authority area” has~~

1 the same meaning as defined in Section 399.12 of the Public
2 Utilities Code.

3 (B) The facility has its first point of interconnection to the
4 transmission network outside the state, within the Western
5 Electricity Coordinating Council (WECC) service area, and
6 satisfies all of the following requirements:

7 (i) It commences initial commercial operation after January 1,
8 2005.

9 (ii) It will not cause or contribute to any violation of a California
10 environmental quality standard or requirement.

11 (iii) It participates in the accounting system to verify compliance
12 with the renewables portfolio standard once established by the
13 commission pursuant to subdivision (b) of Section 399.25 of the
14 Public Utilities Code.

15 (C) The facility meets the requirements of clauses (ii) and (iii)
16 in subparagraph (B), but does not meet the requirements of clause
17 (i) of subparagraph (B) because it commenced initial operation
18 prior to January 1, 2005, if the facility satisfies either of the
19 following requirements:

20 (i) The electricity is from incremental generation resulting from
21 expansion or repowering of the facility.

22 (ii) Electricity generated by the facility was procured by a retail
23 seller or local publicly owned electric utility as of January 1, 2010.

24 (3) If the facility is outside the United States, it is developed
25 and operated in a manner that is as protective of the environment
26 as a similar facility located in the state.

27 (4) If eligibility of the facility is based on the use of landfill gas,
28 digester gas, or another renewable fuel delivered to the facility
29 through a common carrier pipeline, the transaction for the
30 procurement of that fuel, including the source of the fuel and
31 delivery method, satisfies the requirements of Section 399.12.6 of
32 the Public Utilities Code and is verified pursuant to the accounting
33 system established by the commission pursuant to 399.25 of the
34 Public Utilities Code, or a comparable system, as determined by
35 the commission.

36 (b) "Municipal solid waste conversion," as used in subdivision
37 (a), means a technology that uses a noncombustion thermal process
38 to convert solid waste to a clean-burning fuel for the purpose of
39 generating electricity, and that meets all of the following criteria:

1 ~~(1) The technology does not use air or oxygen in the conversion~~
2 ~~process, except ambient air to maintain temperature control.~~

3 ~~(2) The technology produces no discharges of air contaminants~~
4 ~~or emissions, including greenhouse gases as defined in Section~~
5 ~~38505 of the Health and Safety Code.~~

6 ~~(3) The technology produces no discharges to surface or~~
7 ~~groundwaters of the state.~~

8 ~~(4) The technology produces no hazardous wastes.~~

9 ~~(5) To the maximum extent feasible, the technology removes~~
10 ~~all recyclable materials and marketable green waste compostable~~
11 ~~materials from the solid waste stream prior to the conversion~~
12 ~~process and the owner or operator of the facility certifies that those~~
13 ~~materials will be recycled or composted.~~

14 ~~(6) The facility at which the technology is used is in compliance~~
15 ~~with all applicable laws, regulations, and ordinances.~~

16 ~~(7) The technology meets any other conditions established by~~
17 ~~the commission.~~

18 ~~(8) The facility certifies that any local agency sending solid~~
19 ~~waste to the facility diverted at least 30 percent of all solid waste~~
20 ~~it collects through solid waste reduction, recycling, and~~
21 ~~composting. For purposes of this paragraph, "local agency" means~~
22 ~~any city, county, or special district, or subdivision thereof that is~~
23 ~~authorized to provide solid waste handling services.~~

24 ~~(e) "Renewable energy public goods charge" means that portion~~
25 ~~of the nonbypassable system benefits charge required to be~~
26 ~~collected to fund renewable energy pursuant to the Reliable Electric~~
27 ~~Service Investments Act (Article 15 (commencing with Section~~
28 ~~399) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities~~
29 ~~Code).~~

30 ~~(d) "Report" means the report entitled "Investing in Renewable~~
31 ~~Electricity Generation in California" (June 2001, Publication~~
32 ~~Number P500-00-022) submitted to the Governor and the~~
33 ~~Legislature by the commission.~~

34 ~~(e) "Retail seller" means a "retail seller" as defined in Section~~
35 ~~399.12 of the Public Utilities Code.~~